



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 9/1/2004

GAIN Report Number: RP4042

Philippines

Livestock and Products

Annual

2004

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Report Highlights:

The Philippine livestock industry grew by about 3 percent in 2003, with the swine sector, as the major contributor, growing by 4 percent. Due to strong domestic consumption of pork, hog production will likely continue to grow at a similar rate in 2004. The growth of the cattle industry will likely remain flat in 2004 due to a decline in live cattle imports and a stagnation in calf production. Domestic prices of pork and beef are forecast to remain high in the near term mainly as a result of increased feed costs. After a sharp decline in US beef exports to the Philippines immediately following the US BSE case, imports of US beef rebounded in March of this year. US data show that the export value of US beef to the Philippines was higher in April 2004 than for the same period last year.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Manila [RP1]
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Production

According to the Philippine Bureau of Agricultural Statistics, the livestock industry grew by about 3 percent in 2003, with the hog sector as the major contributor. Hog production represents about 80 percent of the total Philippine livestock industry. In 2003, the swine sector grew by 4 percent. Due to continued strong domestic consumption of pork, hog production will likely continue to grow at a rate of 3 to 4 percent in 2004 and beyond despite increased feed cost in the world market. Filipinos are large consumers of swine meat and are known to generally prefer pork to chicken or beef.

Farmgate price of hogs during the first quarter of 2004 increased by an average of 20 percent, compared with the nearly 3 percent decline recorded during the same period a year ago. The rise in farmgate prices, which began in the third quarter of 2003, is mainly attributed to increased feed cost, particularly that of imported soybean meal and corn. The Food and Agriculture Organization (FAO) has reported that prices of pork in world markets will continue its upward trend as demand for poultry and beef substitutes increase due to consumer apprehension of animal diseases like avian influenza and BSE.

Prices Table			
Country	Philippines		
Commodity	Animal Numbers, Swine		
Prices in	Pesos	per uom	Kg
Year	2002	2003	% Change
Jan	51.68	50.00	-3
Feb	52.35	50.68	-3
Mar	52.09	51.06	-2
Apr	52.66	51.90	-1
May	52.27	51.92	-1
Jun	51.70	51.24	-1
Jul	50.89	50.90	0
Aug	50.23	50.97	1
Sep	49.96	50.66	1
Oct	49.99	51.61	3
Nov	49.76	51.26	3
Dec	49.44	53.45	8
Exchange Rate	55.85	Local Currency/US \$	
Date of Quote	7/15/2004	MM/DD/YYYY	

As the Philippine population grows at an estimated rate of 2.36 percent annually, one of the challenges for the pork industry in the next two decades will be to triple pork production to meet the projected increase in demand. To date, the industry faces a number of obstacles including the spread of economically devastating diseases such as FMD, high marketing and transaction costs, erratic supply of imported feed ingredients, supplements and biologics, and the limited availability of genetically superior breeding stock.

Animal experts claim that these problems must be properly addressed if the industry is to meet the challenges ahead. The backyard sector, which makes up more than 75 percent of the industry, will play an important role. For the industry to become efficient and productive, experts stress the need for more government and private sector partnerships as well as

increased investment in research and development, particularly in the areas of genetics improvement, animal nutrition, health management and product and quality development.

Growth in cattle production is forecast to remain flat in 2004/05. Cattle production remains small at only 20 percent of total livestock production. The decline in imports of feeder cattle during 2003 and throughout the first quarter of this year will also likely keep the growth in total supply of cattle to a minimum. Due to a standstill in imports of cattle and a stagnation in calf production, growth in cattle production is likely to remain minimal in 2004/05.

Prices Table			
Country	Philippines		
Commodity	Animal Numbers, Cattle		
Prices in	Pesos	per uom	Kg
Year	2002	2003	% Change
Jan	50.74	51.28	1
Feb	50.73	51.61	2
Mar	51.73	51.87	0
Apr	51.38	51.69	1
May	51.87	51.95	0
Jun	51.14	51.79	1
Jul	50.40	51.76	3
Aug	50.68	52.90	4
Sep	50.91	51.74	2
Oct	51.12	52.60	3
Nov	51.52	52.95	3
Dec	51.42	52.65	2
Exchange Rate	55.85	Local Currency/US \$	
Date of Quote	7/15/2004	MM/DD/YYYY	

According to the Philippine Livestock Development Council (LDC), backyard cattle farms still make up the largest share to total cattle population averaging 91 percent during the last decade while commercial farms only represent a 9 percent share. The share of backyard farms to total inventory has increased while the share of commercial farms has declined due to a combination of factors such as the Comprehensive Agrarian Reform Program (CARP), land conversion, a deteriorating peace and order situation, marketing problems, low returns on investments for breeding operations, high cost of funds and the lack of credit.

The emergence of cattle feedlot operations that are more profitable than cow-calf operations due to a shorter production cycle is also a threat to the national cattle inventory and may result in a reduction in the breeding base over the long term, as commercial raisers shift to feedlot operations.

The Philippine Department of Agriculture (DA) announced a special duty-free importation of corn and soybean meal during the early part of the year in an effort to lower the production cost of meat. However, due to increased prices of corn and soybean meal in international markets, the import scheme was not fully utilized by local traders; only about 10,000 MT out of the announced 200,000 MT was imported.

According to the DA, domestic prices of pork, beef and other meats are forecast to remain high over the next two years as the price of feeds remains high. The price of corn and other grains is expected to remain high in the near term as a result of increased demand for feed grains in developing economies such as China. Local farmers have been encouraged to plant more corn to take advantage of this expectation of increasing prices. Despite the recent limited program for duty-free importation of corn, feed prices in the Philippines remain high. According to feed millers, the landed price of imported corn is still at an average of P11/kg while the current price of local corn is about P10 up from about P7.50-P8/kg in early 2002.

Consumption

Last year, the agricultural sector grew faster (3.8 percent) than expected (3.4 percent) with total farm output rising 5.21 percent. The performance of the farm sector helped achieve the country's GDP growth target of 4.5 percent in 2003, exceeding the previous year's growth rate of 4.4 percent. Farm sector growth for the first quarter of 2004 reach a 15-year high of 11 percent. Economic planners forecast GDP growth at 4.9 - 5.8 percent this year with farm production expected to improve above its 2003 performance as no major weather disturbance (such as El Nino) is expected. Inflation stood at 3.1 percent last year but is forecast to increase in 2004 due mainly to the rise in oil prices. Good agricultural production and overall growth of the economy will translate into continued increases in meat consumption in 2004 and onwards. According to the latest estimates, the population of the Philippines will reach 84 million in 2004.

Consumption of swine meat is forecast to increase in 2004 due to continued strong demand for pork as well as the temporary shift from poultry to other meat over concerns about the avian influenza (AI) outbreaks in Asia and in the United States. Strong demand for pork and other meats, as substitutes for chicken meat, pulled up retail prices of pork by as much as 20 percent in the first quarter of 2004. However, the increased cost of feed will likely keep retail prices of pork and products high for the rest of the year.

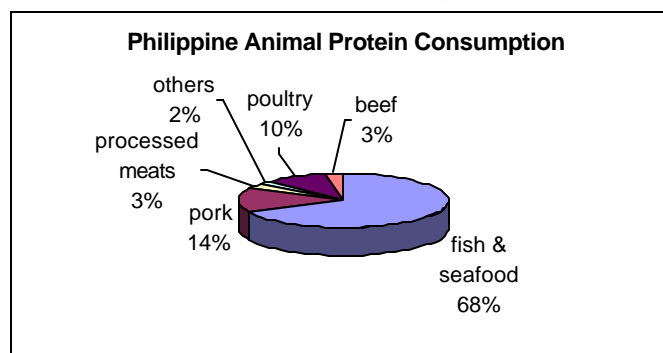
Prices Table			
Country	Philippines		
Commodity	Meat, Swine		
Prices in	Pesos	per uom	Kg
Year	2002	2003	% Change
Jan	115.20	110.30	-4
Feb	116.37	112.85	-3
Mar	117.86	114.47	-3
Apr	118.27	114.76	-3
May	115.92	114.90	-1
Jun	113.69	114.62	1
Jul	112.72	112.38	0
Aug	111.32	111.27	0
Sep	108.70	109.47	1
Oct	108.13	108.53	0
Nov	108.45	110.11	2
Dec	109.19	118.96	9
Exchange Rate	55.85	Local Currency/US \$	
Date of Quote	7/15/2004	MM/DD/YYYY	

Growth in beef consumption is likely to be insignificant in 2004/05 due to the relatively high price of beef compared with other protein sources. Annual per capita consumption of beef remains very low at less than 4 kilograms. With the growth of the Philippine population estimated at 2.36 percent per year, annual increases in beef production are barely enough to keep up with demand.

Like pork, retail prices of beef remained stable in 2003. However, in 2004, following the trend in pork prices, retail prices of beef also increased by an average of 5.5 percent during the first two months. This was the result of increased production costs as well a shift in demand from chicken to other substitute meats such as beef due to consumer concerns about the various AI outbreaks.

Prices Table			
Country	Philippines		
Commodity	Meat, Beef and Veal		
Prices in	Pesos	per uom	Kg
Year	2003	2004	% Change
Jan	167.46	168.94	1
Feb	166.55	169.91	2
Mar	166.46	171.88	3
Apr	169.71	170.28	0
May	170.78	170.46	0
Jun	169.57	169.61	0
Jul	169.01	169.75	0
Aug	169.18	170.04	1
Sep	168.95	170.29	1
Oct	168.15	170.65	1
Nov	164.55	170.20	3
Dec	168.46	170.29	1
Exchange Rate	55.85	Local Currency/US \$	
Date of Quote	7/15/2004	MM/DD/YYYY	

According to the Philippine Food and Nutrition Research Institute (FNRI), the average Filipino diet is composed of mainly of rice, fish and vegetables. Per capita intake of rice and products (282 grams) constitute about a third of the total food consumed per day. Daily per capita consumption of fish and fish products constitutes 99 grams (68 percent), while 48 grams (27 percent) are consumed in the form of meat and poultry.



Trade

In 2003, Minimum Access Volume (MAV) utilization for fresh/frozen/chilled pork improved slightly from 13 to 15 percent. Unlike beef imports which comprise a significant portion of total supply, pork imports represent less than 10 percent of domestic supply. Despite a MAV volume of 50,595 MT last year, imports of pork have not been significant due primarily to the prohibitive tariff rates of 35 percent (in-quota) and 40 percent (out-of-quota) for swine meat. There have been no imports of pork outside the MAV.

In 2003, major country suppliers of pork included China (39 percent), Republic of Korea (ROK, 23 percent), France (9 percent) and Germany (6 percent). Nearly half of the country's 25,000 MT (CWE) of pork imports in 2003 were comprised of processed pork meats, mostly from China. Post numbers for swine meat imports for 2003 have been raised to 22,000 MT to include other HTS codes as instructed by FAS Washington. Post estimates for 2004 and 2005 have also been raised to reflect the new methodology.

Import Trade Matrix			
Country	Philippines		
Commodity	Meat, Swine		
Time Period		Units:	MT
Imports for:	2002		2003
U.S.	1339	U.S.	0
Others		Others	
China	17809	China	8653
Republic of Korea	2748	Republic of Korea	5271
Germany	2610	France	1910
Canada	1663	Germany	1455
France	1581	Canada	1187
Total for Others	26411		18476
Others not Listed	5244		3959
Grand Total	32994		22435

Source: Philippine National Statistics Office

Another factor for the low level of pork imports is the preference of most Filipinos for freshly slaughtered meat, as a significant majority of consumers still buy their food from wet markets. However, recent reforms in the retail sector, particularly the liberalization of the retail market and the growth and development of the modern Philippine supermarket, are slowly changing shopping patterns and food choices of Filipino consumers.

MAV UTILIZATION RATE 2001-2003							
HS Code	Description	2001 MAV (MT)	Percent Used	2002 MAV (MT)	Percent Used	2003 MAV (MT)	Percent Used
0203	Fresh/ Chilled/ Frozen Pork	45,775	19	48,185	13	50,595	15

Source: Philippine Department of Agriculture

MAV utilization is likely to improve in 2004 as retail prices of local pork remain high. The Philippine government also implemented a short-term reduced-duty importation program for pork to lower prices. This incentive will likely result in an increase in pork imports.

MAV Importation (0203) (in metric tons)	2004					
	Jan	Feb	Mar	Apr	May	Total
1. Belgium	0	0	54.425	126.530	25.406	206.361
2. Canada	66.530	0	94.876	39.719	322.359	523.484
3. Denmark	23.550	0	180.724	410.125	212.441	826.840
4. France	50.163	135.065	171.319	1161.519	744.369	2262.435
5. Germany	27.626	161.143	249.609	685.055	892.848	2016.281
6. Republic of Korea	606.626	291.952	58.082	108.575	54.454	1119.689
7. Netherlands	0	0	47.572	51.057	50.000	148.629
8. Spain	0	0		47.895	11.040	58.935
9. Others	0	0	0	0	0	0
10. Total	774.495	594.160	856.607	2684.475	2312.917	7222.654

Source: Philippine Department of Agriculture

About 98 percent of all Philippine beef imports are boneless beef, mostly of manufacturing grade for use in processed meat products. In 2003, the top suppliers of beef to the Philippines were India (61 percent), Brazil (23 percent) and Australia (10 percent). With domestic beef production growing at about one percent annually, less than population growth of 2.36 percent, importation of beef is forecast to grow in 2004 and beyond in order to augment the domestic beef supply. Currently, nearly 35 percent of total domestic beef supply is sourced from other countries.

Import Trade Matrix			
Country	Philippines		
Commodity	Meat, Beef and Veal		
Time Period		Units:	MT
Imports for:	2002		2003
U.S.	1172	U.S.	1207
Others		Others	
India	75263	India	76061
Brazil	21607	Brazil	29386
Australia	20239	Australia	11682
New Zealand	2331	New Zealand	3430
Total for Others	119440		120559
Others not Listed	1870		3461
Grand Total	122482		125227

Source: Philippine National Statistics Office

Traditionally, imported beef has been sourced from India, Australia and New Zealand, but the share of imports of beef from Brazil has been growing in the last two years likely as a result of Philippine DA's efforts to encourage and explore alternative meat sources. While India and New Zealand's market share has remained relatively stable, Australia's market share dropped significantly in 2003.

Imports from India, Brazil and New Zealand are likely to remain steady while imports from Australia may continue to decline. A tightness in supply of Australian beef has developed as a result of a surge in demand from the Japanese and Korean (ROK) markets. As a result of BSE import restrictions on US and Canadian beef by Japan and the ROK, Australian beef exports to Japan and the ROK are up sharply in the first five months of 2004, while exports to other Asian markets have dipped. Australian beef shipments to the Philippines during the first five months of 2004 have reportedly dipped 72 percent, likely due to the diversion of some beef to the Japanese and ROK markets.

After a sharp decline in the exports of US beef immediately following the detection of BSE in a single dairy cow last December, imports of US beef began to rebound in March of this year. US Export Statistics show that exports of US beef to the Philippines in April 2004 were higher than that recorded last year for the same time period. Imports of high quality, premium beef cuts have been increasing. Although relatively small in value, US data has shown a steady increase in the exports of US beef to the Philippines, indicating growing demand. US beef is mostly sold in five star hotels, up-scale restaurants, delicatessens, and American-style family restaurants.

Imports of processed meat products like corned beef and luncheon meats are likely to continue increasing, particularly from other ASEAN countries, due to the low Common Effective Preferential Tariff (CEPT) rate of 5 percent accorded them compared to the 40 percent applied rate levied on products from other countries. China is the largest supplier of luncheon meats while the United States is the primary overseas supplier of sausages in the country.

Policy

The main regulatory agencies monitoring the safety aspects of imported animals, meat and meat products are the Bureau of Animal Industry (BAI) and the National Meat Inspection Commission (NMIC) under the Philippine Department of Agriculture. While the BAI has jurisdiction over the import of both live animals and meat, the NMIC plays a key role in the enforcement of the regulations over fresh, chilled and frozen meat and poultry imports into the Philippines.

Republic Act No. 3639 (RA 3639) established the BAI and empowered it to prescribe safety standards in the importation, labeling and distribution livestock, poultry, meat products, dairy products and animal feeds and veterinary supplies. The BAI is charged with preventing, controlling, containing and eradicating communicable animal disease by regulating the flow of animals and animal products in the country.

Presidential Decree No. 7 (PD 7) authorizes the National Meat Inspection Commission (NMIC) to implement policies and procedures governing post production flow of meat and meat products both locally produced and imported. The Meat Import/Export Services of the NMIC ensures that imported or exportable meat and meat products are produced under acceptable conditions and systems.

Based on Executive Order No. 292 (EO 292) or the Philippine Administrative Code of 1987, all administrative issuances of Department Secretaries and heads of bureaus, offices or agencies should be in the form of circulars or orders. Circulars refer to issuances prescribing policies, rules and regulations, and procedures promulgated pursuant to law, applicable to individuals and organizations outside the Government and designed to supplement provisions of the law or to provide means for carrying them out; while orders refer to issuances directed to particular offices, officials, or employees, concerning specific matters including

assignments, detail and transfer of personnel, for observance or compliance by all concerned.

Executive Orders are acts of the Philippine President providing for rules of a general or permanent character in the implementation or execution of constitutional or statutory powers. Republic Acts are legislative issuances enacted by the Philippine President, which form part of the country's formal laws and regulations. The following Executive and Departmental issuances relating to the importation of meat and meat products were promulgated in 2003 and 2004:

Memorandum Order 33 (MO 33): In January 2004, the Philippine Department of Agriculture (DA) issued Memorandum Order No. 33 (MO 33), which provided new requirements for beef and beef products imported from the United States. This was in response to the detection of Bovine Spongiform Encephalopathy (BSE) in a single dairy cow in the State of Washington in December 2003. MO 33 states that only beef and beef products derived from cattle 30 months of age or below will be allowed entry into the country. Other specified requirements include: only deboned and deglanded muscle cuts of beef from healthy and ambulatory cattle devoid of nerves and any specified risk materials (SRMs) will be allowed entry. Moreover, the production or slaughter date of the cattle must be provided on the packaging label. All information must be verified in writing by a USDA veterinarian. Complete USDA export certification provisions are available at USDA/FSIS URL as follows: <http://www.fsis.usda.gov/OFO/export/philippi.htm>

While previously covering only frozen and chilled beef, the DA has extended MO 33 requirements to all processed beef products (i.e., corned beef, hotdogs, sausages, etc.) as well. DA now requires all processed beef products to be certified as coming from cattle 30 months and below and devoid of BSE specified risk materials.

Memorandum Order 19 (MO 19): In June 2004, DA issued MO 19 which enumerates the entry requirement for beef tripe and ox tongues from the United States and Canada. The DA will allow the importation of said products provided they are derived from animals 30 months of age and below and are devoid of BSE specified risk materials. The required information must be certified by the USDA or a DA-accredited third party certification agency.

Executive Order No. 299 (EO 299): On March 29, 2004, the Office of the Philippine President issued Executive Order No. 299 (EO 299) which authorizes the importation of 10,000 MT of swine meat at 10 percent duty. The reduction of pork tariffs was recommended by the Cabinet-level Tariff and Related Matters (TRM) committee in a bid to bring down meat prices and ensure a stable supply of pork. EO 299 allowed the initial importation of 5,000 MT of pork at 10 percent tariff provided that it be brought in before June 7, 2004. The order also gives the Philippine DA the standby authority to import an additional 5,000 MT of pork, depending on the supply situation after June 7. The pork importation must fall under the minimum access volume (MAV) mechanism. The MAV allocation for fresh, chilled and frozen pork currently stands at 50,595 MT. Imports within MAV are assessed a tariff of 30 percent and those outside MAV are charged 40 percent.

Republic Act 9296 (RA 9296): On May 12, 2004, Republic Act 9296 entitled "An Act Strengthening the Meat Inspection System in the Country" was signed into law. According to the GRP, RA 9296 was crafted to harmonize Philippine meat inspection laws with international standards to enable the domestic meat processing industry to participate in global trade. A provision in the new law makes it unlawful for shipping lines and agents to ship meat and meat products to the Philippines without an accompanying Philippine Veterinary Quarantine Clearance certificate. Local meat traders and meat processors oppose this new law as being

unduly trade restrictive. The Code took effect on June 18, but its Implementing Rules and Regulations (IRR) are currently being drafted.

Administrative Order 39 (AO 39): In April 2004, DA solicited public comments on proposed amendments to its Administrative Order 39 (AO39), regarding rules governing the import of meat and meat products. According to DA, the amendments are intended to provide a safeguard against the introduction of diseases such as BSE and Avian Influenza, and to stem rampant smuggling of agricultural products into the country.

There are several provisions of the draft amendment that may affect meat export trade. For example, only meat-trading firms sourcing from DA-accredited Foreign Meat Establishments will be allowed to export to the Philippines. Each meat shipment entering the Philippines may be subjected to a mandatory laboratory analysis. All packaging materials used for exported meat products must be marked "FOR EXPORT TO THE PHILIPPINES," which will put a costly burden on foreign meat packing establishments. The DA will not issue its Veterinary import permits for shipments that have already left the port of origin, which may be inconsistent with the WTO Agreement on Import Licensing, as well as the SPS Agreement. The new draft reiterates the need to secure a Veterinary Quarantine Clearance (VQC) certificate prior to the shipment of meat and meat products from the country of origin.

Local meat importing associations are opposed to the proposed amendments, and have provided comments accordingly to DA. USDA and Manila-based embassies of Australia, Canada, France and Spain have likewise submitted comments to DA expressing concerns about the draft amendments. The GRP has yet to notify the WTO of these proposed changes, and DA is currently reviewing the draft.

Administrative Order 3 (AO 3): In February 2004, DA relaxed restrictions on the importation of pork from the Republic of Korea (ROK). DA now allows the importation of frozen pork and pork products from the ROK provided the meat comes from accredited processing plants and is not sourced from the provinces of Kyongbuk, Kyonggi or Chungbok where there is still an outbreak of classical swine fever (CSF), or hog cholera. This is expected to increase pork imports from the ROK, which is currently the largest exporter of frozen pork to the Philippines.

Tariff Policy: In January 2003, the Philippine government announced that it would undertake a comprehensive review of all tariff lines. In early 2004, the Tariff Commission issued its recommendations for increased tariffs in several sectors and a slowdown in tariff reduction plans in others. While the majority of increased tariffs remain below WTO bound rates, they represent a reversal of the hard-fought reforms of previous Philippine administrations during the 1990s.

The GRP announced this year the tariff rates for 2004/05. The 2004/05 MFN and Common Effective Preferential Tariff (CEPT) rates for ASEAN countries for all beef and pork and their products follow:

HS Code	Description	2004/2005	
		MFN	CEPT
Beef - Fresh, Chilled or Frozen, Dried or Smoked			
0201.10.00	Carcasses and half-carcasses, of bovine animals, fresh or chilled	10	5
0201.20.00	Other cuts with bone in, of bovine animals, fresh or chilled	10	5
0201.30.10	Meat of bovine animals, boneless, manufacturing grade cuts, fresh or chilled	10	5
0201.30.90	Meat of bovine animals, boneless, other than manufacturing grade cuts, fresh or chilled	10	5
0202.10.00	Carcasses and half-carcasses of bovine animals, frozen	10	5
0202.20.00	Other cuts with bone in, of bovine animals, frozen	10	5
0202.30.10	Meat of bovine animals, boneless, manufacturing grade cuts, frozen	10	5
0202.30.90	Meat of bovine animals, boneless, other than manufacturing grade cuts, frozen	10	5
0210.20.00	Meat of bovine animals, salted, in brine, dried or smoked	7	0

Beef Edible Offal & Edible Fat			
0206.10.00	Edible offal of bovine animals, fresh or chilled	7	0
0206.21.00	Tongues of bovine animals, frozen	7	0
0206.22.00	Livers of bovine animals, frozen	5	0
0206.29.00	Other edible offal of bovine animals, frozen	7	0
Beef, Processed			
1601.10.00	Sausages of all kinds, whether or not in airtight containers	40	5
1602.41.10	Hams and cuts thereof of swine, prepared or preserved, in airtight containers	40	5
1602.41.90	Hams and cuts thereof of swine, prepared or preserved, other than in airtight containers	40	5
1602.42.00	Shoulders and cuts thereof, of swine, prepared or preserved	40	5
1602.49.00	Other prepared or preserved meat and offal of swine, including mixtures	40	5
1602.50.10	Meat and meat offal of bovine animals, prepared or preserved, in airtight containers	35	5
1602.50.90	Meat and meat offal of bovine animals, prepared or preserved, other than in airtight containers	35	5

HS Code	Description	2004/05			
		MFN		CEPT	
		In-quota	Out-quota	In-quota	Out-quota
Pork - Fresh, Chilled or Frozen, Dried or Smoked					
0203.11.00	Carcasses and half-carcasses, of swine, fresh or chilled	30	40	30	40
0203.12.00	Hams, shoulders and cuts thereof with bone in, of swine, fresh or chilled	30	40	30	40
0203.19.00	Other meat of swine fresh or chilled	30	40	30	40
0203.21.00	Carcasses and half-carcasses of swine, frozen	30	40	30	40
0203.22.00	Hams, shoulders and cuts thereof with bone in, of swine, frozen	30	40	30	40
0203.29.00	Other meat of swine, frozen	30	40	30	40

HS Code	Description	2004/2005	
		MFN	CEPT
Pork Edible Offal & Edible Fat			
0210.11.00	Hams, shoulders and cuts thereof, with bone in, of swine, salted, in brine, dried or smoked	40	5
0210.12.00	Bellies (streaky) and cuts thereof of swine, salted in brine, dried or smoked	40	5
0210.19.00	Other meat and edible meat offal of swine, salted, in brine, dried or smoked	40	5
0206.30.00	Edible offal of swine, fresh or chilled	7	5
0206.41.00	Livers of swine, frozen	5	3
0206.49.00	Other edible offal of swine, frozen	10	5
0209.00.00	Pig fat free of lean meat and poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked	5	0
Pork Processed			
1601.10.00	Sausages of all kinds, whether or not in airtight containers	40	5
1602.41.10	Hams and cuts thereof of swine, prepared or preserved, in airtight containers	40	5
1602.41.90	Hams and cuts thereof of swine, prepared or preserved, other than in airtight containers	40	5
1602.42.00	Shoulders and cuts thereof, of swine, prepared or preserved	40	5
1602.49.00	Other prepared or preserved meat and offal of swine, including mixtures	40	5
1602.50.90	Meat and meat offal of bovine animals, prepared or preserved, other than in airtight containers	40	5

HS Code	Description	2004/2005	
		MFN	CEPT
Pork Edible Offal & Edible Fat			
0210.11.00	Hams, shoulders and cuts thereof, with bone in, of swine, salted, in brine, dried or smoked	40	5
0210.12.00	Bellies (streaky) and cuts thereof of swine, salted in brine, dried or smoked	40	5
0210.19.00	Other meat and edible meat offal of swine, salted, in brine, dried or smoked	40	5
0206.30.00	Edible offal of swine, fresh or chilled	7	5
0206.41.00	Livers of swine, frozen	5	3
0206.49.00	Other edible offal of swine, frozen	10	5
0209.00.00	Pig fat free of lean meat and poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked	5	0

Pork Processed			
1601.10.00	Sausages of all kinds, whether or not in airtight containers	40	5
1602.41.10	Hams and cuts thereof of swine, prepared or preserved, in airtight containers	40	5
1602.41.90	Hams and cuts thereof of swine, prepared or preserved, other than in airtight containers	40	5
1602.42.00	Shoulders and cuts thereof, of swine, prepared or preserved	40	5
1602.49.00	Other prepared or preserved meat and offal of swine, including mixtures	40	5
1602.50.90	Meat and meat offal of bovine animals, prepared or preserved, other than in airtight containers	40	5

Source: Philippine Tariff & Customs Code 2004

The average applied tariffs for 2004 are 40 percent for chicken, 10 percent for beef and 30 (in-quota) to 40 (out-of-quota) percent for pork. Applied tariffs for meat sausages were raised by 10 percentage points from 30 percent to 40 percent, tariffs for prepared meats remain unchanged at 40 percent.

Marketing

While the emerging Philippine retail sector is increasing its role in supplying fresh and frozen meats to consumers, most meat products (90 percent) are still sold in wet markets while only 10 percent is currently sold at the supermarket level. Domestically-produced pork and beef is generally slaughtered at night and delivered "warm" to these wet markets.

Refrigeration in Philippine households stands at only 10 percent (2003 Annual Poverty Indicator Survey) and thus fresh beef and pork are cooked very soon after slaughter.

The demand for processed meat products is expected to remain strong. Canned food is very popular among Filipino households. Though canned meat/meat products had been losing popularity in recent years due to increasing awareness of healthy lifestyles, demand for such products is being awakened by more aggressive campaigns by suppliers. Due to low Philippine per capita incomes, demand for frozen food will remain, however, extremely price-sensitive. Hams, sausages, salami and meat patties for burger are favorite chilled processed meats among consumers, with almost equal shares for each.

Demand for imported processed food products will remain relatively strong given the following factors: the growing interest and preference for Western style cuisine, an increasing number of dual-income families and the increasing popularity of branded processed products. Additionally, a growing segment of young consumers is demanding imported products as a growing urbanization of the Philippine population spurs this growth.

PSD Table						
Country	Philippines					
Commodity	Meat, Swine			(1000 MT CWE)(1000 HEAD)		
	Revised	2003	Estimate	2004	Forecast	2005
	Old	New	Old	New	Old	New
Market Year Begin		01/2003		01/2004		01/2005
Slaughter (Reference)	20000	20000	20750	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1145	1145	1175	1175	0	1220
Intra EC Imports	0	0	0	0	0	0
Total Imports	10	22	10	23	0	24
TOTAL Imports	10	22	10	23	0	24
TOTAL SUPPLY	1155	1167	1185	1198	0	1244
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	1155	1167	1185	1198	0	1244
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	1155	1167	1185	1198	0	1244
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1155	1157	1185	1198	0	1244
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					
Commodity	Animal Numbers, Swine					
	Revised	2003	Estimate	2004	Forecast	2005
	Old	New	Old	New	Old	New
Market Year Begin		01/2003		01/2004		01/2005
TOTAL Beginning Stocks	12218	12218	12620	12518	12800	12669
Sow Beginning Stocks	2000	2000	2075	2115	0	2170
Production (Pig Crop)	22000	23100	22550	23600	0	24200
Intra EC Imports	0	0	0	0	0	0
Total Imports	2	0	2	1	0	1
TOTAL Imports	2	0	2	1	0	1
TOTAL SUPPLY	34220	35318	35172	36119	12800	36870
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
OTHER SLAUGHTER	20000	20500	20750	21250	0	22000
Total Slaughter	20000	20500	20750	21250	0	22000
Loss	1600	2300	1622	2200	0	2200
Ending Inventories	12620	12518	12800	12669	0	12670
TOTAL DISTRIBUTION	34220	35318	35172	36119	0	36870
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					
Commodity	Meat, Beef and Veal			(1000 MT CWE)(1000 HEAD)		
	Revised	2003	Estimate	2004	Forecast	2005
	Old	New	Old	New	Old	New
Market Year Begin		01/2003		01/2004		01/2005
Slaughter (Reference)	1237	1275	1250	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	230	230	235	235	0	240
Intra EC Imports	0	0	0	0	0	0
Total Imports	120	120	125	125	0	130
TOTAL Imports	120	120	125	125	0	130
TOTAL SUPPLY	350	350	360	360	0	370
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	340	340	350	350	0	360
Other Use, Losses	10	10	10	10	0	10
TOTAL Dom. Consumption	350	350	360	360	0	370
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	350	350	360	360	0	370
Calendar Yr. Imp. from U.S.	0	1	0	1	0	1
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					
Commodity	Animal Numbers, Cattle					
	Revised	2003	Estimate	2004	Forecast	2005
	Old	New	Old	New	Old	New
Market Year Begin		01/2003		01/2004		01/2005
Total Cattle Beg. Stks	5567	5567	5592	5567	5617	5562
Dairy Cows Beg. Stks	0	0	0	0	0	0
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	1190	1190	1195	1195	0	1200
Intra EC Imports	0	0	0	0	0	0
Total Imports	120	100	130	100	0	110
TOTAL Imports	120	100	130	100	0	110
TOTAL SUPPLY	6877	6857	6917	6862	5617	6872
Intra EC Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Cow Slaughter	0	0	0	0	0	0
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	1237	1250	1250	1250	0	1250
Total Slaughter	1237	1250	1250	1250	0	1250
Loss	48	40	50	50	0	50
Ending Inventories	5592	5567	5617	5562	0	5572
TOTAL DISTRIBUTION	6877	6857	6917	6862	0	6872
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0